

The Honorable Martin Glenn

United States Bankruptcy Court, Southern District of New York
One Bowling Green New York, NY 10004-1408

Case No. 22-10964

Celsius Lending LLC

It appears that Celsius is taking the position that customers' loan collateral is property of the debtors' estates. This cannot be allowed.

Celsius Lending LLC acts like a bank, advertised like a bank (only less disclosure), Alex Mashinsky and employees walked it all around the internet and media like it was a better bank.

We are paying interest on our collateral backed loans to them.

Our collateral is not part of the bankruptcy estate. Our loan principal and interest due might be part of the bankruptcy estate if Celsius Lending LLC has anything left after loans are closed and collateral returned.

Depositors in retail loans are BORROWERS - depositors in Earn are LENDERS. Those have very different risk profiles. To treat them equally is inequitable.

If the "bank" decides to take risk with our collateral that's on the "bank" / we are not revenue-sharing on the upside and should not assume their risk. Celsius Lending LLC acted as a bank in all practical ways. They should not be allowed to change the rules in bankruptcy.

All documents, emails, ads, promotions, appearances from Celsius acknowledge in some way that the collateral is ours. All emails say it's ours. All emails and promo from Celsius send us to social media where the same thing is said over and over and over. The collateral is ours.

Our collateral is our property. We want it back free and clear after we pay the interest and principal back. We do not want dollars back. Dollars were not our collateral - digital assets were our collateral and they were promised to be returned. We would not want cash back after a car or a house was paid off and the same should apply to our collateral assets on the Celsius Lending LLC platform.

I have a simple argument that our collateral does in fact belong to us.

I never knowingly transferred title/ownership to my collateral when I took out a loan - Nothing ever indicated that my property was anything but my property.

The lender providing a loan to buy a house or car cannot rent out or sell my house or car while the loan is in good standing. If the lender goes bankrupt they still cannot rent or sell my house or car. The only way they get the collateral is if I don't make the mortgage payments and then can foreclose.

The lender does not lock my funding account so I cannot make the mortgage payment with the funds I have on deposit and then claim to own my house or car. The lender does not arbitrarily decide to seize my house or car and my funding account one day like Celsius did with loan holders. If I have a margin account and borrow to buy long/short the brokerage does not own my collateral unless I fail to meet the margin call. They do not send me a notice saying they have frozen my funding account and literally 5 minutes later send me a margin call notice like Celsius did on one of my loans.

I think preserving the property rights in loan collateral is necessary.

From Celsius:

"In a nutshell, no, **we are not able to sell (or liquidate) your collateral to pay back a loan.** Celsius is a HODLing platform, which means that it is in our users best interest to have the coins stored in their wallet."

"Keep your crypto by borrowing against it and instantly access the funds you need."

"Got crypto but need cash? Don't sell your coins - borrow against them! ...By using your crypto as collateral, you can access the spending cash you need at rates you deserve and keep your crypto, too!"


Much of what I have written here came directly from other Celsius Lending LLC customers in various online forums seeking a just resolution. There are a lot of us who never would have put up assets owned as collateral had there been even a remote possibility that they would be claimed by the lender when our loans were in good standing.

I am sending this so you and the Committee of Unsecured Creditors can begin to include these issues in future decisions.

Thank you,

L ANNE YEILDING

Lender
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Current Status of Operations		
		
Celsius Program	Status After Pause Date (June 12, 2022)	Status After Petition Date (July 13, 2022)
Earn Program (Retail)	<ul style="list-style-type: none">- No withdrawals, swaps, or transfers between accounts- New and existing customers can transfer crypto assets to their accounts- Customers continue to accrue rewards in Earn accounts	<ul style="list-style-type: none">- Unchanged- Customers <u>cannot</u> activate new accounts; not possible to halt new transfers from existing customers- Customers <u>do not</u> accrue rewards in Earn accounts
Custody Program (Retail)	<ul style="list-style-type: none">- No withdrawals, swaps, or transfers between accounts- New and existing customers can transfer crypto assets to their accounts	<ul style="list-style-type: none">- Unchanged- Customers <u>cannot</u> activate new accounts; not possible to halt new transfers from existing customers
Borrow Program (Retail)	<ul style="list-style-type: none">- Customers can take out new loans- Existing loans administered in the ordinary course	<ul style="list-style-type: none">- No new loans- Celsius no longer liquidating retail loans or demanding margin calls, but accepting loan repayments and continuing to hold coins posted as collateral
Institutional Lending and Borrowing	<ul style="list-style-type: none">- No new loans- Existing loans administered in the ordinary course	<ul style="list-style-type: none">- Unchanged- Celsius has paused liquidations of institutional loans and no longer demanding margin calls, but accepting loan repayments and continuing to hold coins posted as collateral

There are legitimate arguments about unjust liquidations that should be reviewed by an examiner of some sort. Interest payments and loan payoffs must be allowed and our assets returned intact.

Celsius Loans even have a Reverse Margin Call entry is interesting and should be looked at.

Their TOS are all in question at the moment. Multiple versions exist and most borrowers NEVER got any at all - just flashed briefly online splash-screen or not at all. Email confirmations promised terms that never came. The

Truth in Lending statements came on July 4th 2022. - Long after loans were taken out. We relied on what we were told over and over and over....